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1 UNITED STATES DISTRICT COURT  
2 SOUTHERN DISTRICT OF NEW YORK

3 -----x  
4 )  
5 SECURITIES AND EXCHANGE COMMISSION, )  
6 )  
7 Plaintiff, ) 19 Civ. 9439 (PKC)  
8 )  
9 v. )  
10 )  
11 TELEGRAM GROUP INC. and )  
12 TON ISSUER INC., )  
13 )  
14 Defendants. )  
15 -----x

16  
17  
18 CONFIDENTIAL  
19 VIDEOTAPED DEPOSITION OF  
20 SHYAM PAREKH  
21 December 10, 2019

22  
23 Taken at:  
24 Skadden, Arps, Slate, Meagher & Flom (UK) LLP  
25 40 Bank Street  
Canary Wharf  
London, E14 5DS

Reported by:  
AILSA WILLIAMS,  
Certified Court Reporter  
JOB No. 191210MWC

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A P P E A R A N C E S

For the Plaintiff:

SECURITIES AND EXCHANGE COMMISSION

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BY: KEVIN McGRATH, LADAN STEWART,

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BY: ALEXANDER DRYLEWSKI, THANIA CHARMANI

and CHRISTOPHER MALLOY

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ALSO PRESENT

NOTARY PUBLIC: KEITH ROONEY

COURT REPORTER: AILSA WILLIAMS

VIDEOGRAPHER: LINDA FLEET

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1 THE VIDEOGRAPHER: This is the  
2 videotaped deposition of Shyam Parekh in the  
3 matter of Securities and Exchange Commission  
4 versus Telegram Group Inc et al, case number 19  
5 CIV 9439 PKC.

6 Today's date is December 10, 2019. The  
7 time on the video monitor is 9:19 a.m. My name is  
8 Linda Fleet with Gradillas Court Reporters.

9 Would counsel please voice identify  
10 themselves.

11 MR. McGRATH: Kevin McGrath.

12 MS. STEWART: Ladan Stewart, for the  
13 SEC.

14 MR. McGRATH: We have Jorge Tenreiro on  
15 the phone from SEC.

16 MR. DRYLEWSKI: Alex Drylewski from  
17 Skadden Arps for the defendants and the witness.

18 MS. CHARMANI: Thania Charmani from  
19 Skadden Arps.

20 MR. MALLOY: Christopher Malloy from  
21 Skadden Arps.

22 THE VIDEOGRAPHER: The notary will now  
23 swear the witness.

24 MR. SHYAM PAREKH  
25 Having been sworn,

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1                   Testified as follows:

2                   DIRECT EXAMINATION BY MR. McGRATH:

3                   MR. McGRATH: Good morning, Mr. Parekh.

4                   A. Good morning.

5                   Q. Is that how you pronounce your name,  
6 "Parekh"?

7                   A. Yes.

8                   Q. My name is Kevin McGrath and this is  
9 Ladan Stewart. We have on the phone Jorge  
10 Tenreiro. We are attorneys with the Securities  
11 and Exchange Commission. We are based in New York  
12 and we are representing the Securities and  
13 Exchange Commission, I will refer to that as the  
14 SEC, in connection with this lawsuit against  
15 Telegram Group Inc and TON Issuer Inc.

16                   Are you represented by counsel here  
17 today?

18                   A. I am.

19                   MR. McGRATH: And you are representing  
20 Mr. Parekh in his individual capacity as well as  
21 the defendants in this case?

22                   MR. DRYLEWSKI: Yes.

23                   MR. McGRATH: Mr. Parekh, how old are  
24 you.

25                   A. 46.

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1 Q. Where were you born?

2 A. In the United States.

3 Q. Are you currently a US citizen?

4 A. I am.

5 Q. Is English your native language?

6 A. It is.

7 Q. When I ask you any question, if you  
8 don't understand, please let me know and I will  
9 try to rephrase the question.

10 A. Okay.

11 Q. Are you currently taking any  
12 medication that impairs your ability to think  
13 clearly or to understand or respond to questions  
14 that I put to you?

15 A. No, I am not.

16 Q. Are you aware of anything that would  
17 impair your ability to understand my questions or  
18 think clearly or to respond accurately today?

19 A. No, I am not aware of anything.

20 Q. Can you please describe your  
21 educational background?

22 A. I studied in the United States, went  
23 to university at MIT, Boston, and did a bachelor's  
24 degree in computer science.

25 Q. What year did you get your degree?

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1 A. 1992.

2 Q. Did you do any post college studies?

3 A. No.

4 Q. Where do you currently live?

5 A. In the UK.

6 Q. Where, what city?

7 A. London.

8 Q. How long have you lived in London?

9 A. 23 years, approximately.

10 Q. Where are you currently employed?

11 A. I am self-employed, and I am a  
12 consultant engaged by Telegram, in this context.

13 Q. When you refer to Telegram, are you  
14 referring to Telegram Group Inc or some other  
15 entity?

16 A. I am technically engaged with the  
17 group entity of Telegram.

18 Q. What is the name of that entity?

19 A. Telegraph Inc.

20 Q. Telegraph Inc. You indicated that  
21 you were a consultant?

22 A. That is correct.

23 Q. Is there a written consulting  
24 agreement that you have with Telegram or, I am  
25 sorry, Telegraph?

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1 A. Yes, there is.

2 Q. How long have you acted as a  
3 consultant?

4 A. Since January of this year.

5 Q. Can you generally describe what your  
6 responsibilities are as a consultant?

7 A. Principally, my responsibilities  
8 relate to interacting with investors, in  
9 particular in connection with the anticipated  
10 launch that was planned originally for October.

11 Q. The launch of the TON network?

12 A. Yes.

13 Q. Just for the record, when I refer to  
14 the TON network, I am referring to the Telegram  
15 Open Network Blockchain Ecosystem?

16 A. Understood.

17 Q. Again, in terms of terminology --  
18 let me back up.

19 Prior to your role as a consultant in  
20 January 2019, where were you employed?

21 A. I was employed by Telegram Holdings  
22 UK Limited, which was a UK entity established by  
23 Telegram, for most of 2018, and for a short period  
24 in January of 2018 I was a consultant, when I  
25 first became involved with this project.



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1 Q. Consultant to Telegram Holdings UK  
2 Limited?

3 A. I can't recall the legal entity with  
4 whom that original consulting agreement was with.  
5 I would have to go back --

6 Q. Are you familiar with an entity  
7 called Telegram Group Inc?

8 A. Yes.

9 Q. What is your understanding of what  
10 that entity is?

11 A. It is the parent company for the  
12 overall group.

13 Q. Are you familiar with an entity  
14 called TON Issuer Inc?

15 A. Yes.

16 Q. What is your understanding of what  
17 that entity is?

18 A. It is the entity in connection with  
19 the issuance of the Grams upon the launch of the  
20 TON network.

21 Q. Unless there is any objection by you  
22 or your counsel, I will be asking you a lot of  
23 questions today about Telegram, and unless you  
24 have any objection when I refer to Telegram I am  
25 going to be referring to Telegram Group Inc and

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1 TON Issuer Inc. If your answer requires you to  
2 make a distinction between those two entities,  
3 please feel free to do so, but just to move this  
4 along, instead of me constantly staying "Telegram  
5 Group Inc" and/or "TON Issuer Inc", I think this  
6 will work better?

7 MR. DRYLEWSKI: Are you okay with that?

8 A. I have no issue with that.

9 Q. Thank you. Where were you employed  
10 prior to January 2018?

11 A. I have been self-employed for a  
12 number of years.

13 Q. Doing what type of work?

14 A. I am largely retired. I am involved  
15 in a few start-ups. I manage a farm with my wife,  
16 that sort of thing.

17 Q. Before you largely retired, what  
18 type of work did you do?

19 A. I was in the financial services  
20 industry for about 20 years.

21 Q. Just at a very high level, either  
22 working backwards from when you were virtually  
23 retired or starting from your post college period,  
24 can you briefly describe your work experience?

25 A. From when to when?

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1 Q. Either way, whatever works easier  
2 for you.

3 A. From college --

4 Q. From college to when you sort of  
5 retired or working backwards?

6 A. So I started at a derivatives  
7 trading boutique in Chicago in New York and I was  
8 there for four years. It was acquired by Swiss  
9 Bank Corporation.

10 Then I joined Morgan Stanley in London  
11 in 1996 and apart from a brief one year away, I  
12 was there until 2012.

13 Then, in 2012, I left Morgan Stanley to  
14 join a start-up hedge fund, founded by a former  
15 boss from my first employer, and that lasted three  
16 years, before he decided to close the fund and  
17 return capital, and as I say at that point I  
18 retired to my farm with my wife.

19 Q. During your period at Morgan  
20 Stanley, between approximately 1996 to 2012, can  
21 you briefly describe what type of work you did?

22 A. Sure. Most of my time was in the  
23 capital markets division, principally equity  
24 capital markets, but during the financial crisis  
25 equity and debt capital markets relating to

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1 European financial institutions.

2 Q. What type of work did you do in  
3 connection with those markets?

4 A. As I say, latterly, equity and debt  
5 capital markets, my job and my team's job was  
6 trying to restructure the balance sheets of  
7 failing or struggling European banks during the  
8 crisis.

9 Q. During the time that you were at the  
10 hedge fund, between approximately 2012 and 2015,  
11 what type of responsibilities did you have?

12 A. I was a portfolio manager in the  
13 financial sector, European and US banks and  
14 insurance companies.

15 Q. What was the name of the hedge fund?

16 A. Peak Six Advisers.

17 Q. Who founded that firm?

18 A. Joseph Scoby.

19 Q. Prior to appearing here this  
20 morning, what did you do to prepare for this  
21 deposition?

22 A. I had a meeting with these three  
23 individuals yesterday.

24 Q. Approximately how long did the  
25 meeting last?

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1           A. With a number of breaks, we met over  
2 the course of yesterday.

3           Q. Was anybody else present at that  
4 meeting, other than the three attorneys sitting  
5 here today?

6           A. No.

7           Q. Did you do anything to prepare for  
8 this deposition, prior to meeting with these three  
9 attorneys yesterday?

10          A. No.

11          Q. Have you reviewed any documents in  
12 preparation for this deposition?

13          A. Yes.

14          Q. Can you describe generally what type  
15 of documents you reviewed?

16          MR. DRYLEWSKI: I am going to object to  
17 that question and I am going to instruct the  
18 witness not to answer on attorney work product  
19 grounds. You can ask him whether any documents  
20 refreshed his recollection, but you cannot ask him  
21 which documents he was shown during prep.

22          MR. McGRATH: I was going to say -- I  
23 don't think that was my question.

24                I am not asking you specifically what  
25 documents any attorneys showed you. I am asking

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1       you what documents you reviewed in connection with  
2       the deposition. I am happy it rephrase it to say  
3       did you review any documents in preparation for  
4       this deposition that refreshed your recollection  
5       as to any of the events relating to the TON  
6       Blockchain issuance.

7               MR. DRYLEWSKI: You can answer that  
8       question "yes" or "no".

9               A. Yes.

10              Q. What documents?

11              MR. DRYLEWSKI: You can answer that  
12       question, if you know.

13              A. They were a multitude of documents  
14       that, as a general matter, refreshed my memory.

15              MR. McGRATH: Did you look at the  
16       emails -- were there emails that refreshed your  
17       recollection?

18              MR. DRYLEWSKI: You can answer that  
19       question "yes" or "no".

20              A. Yes.

21              Q. Were there any offering documents  
22       that refreshed your recollection?

23              MR. DRYLEWSKI: Same instruction.

24              A. Yes.

25              Q. Did you discuss your deposition with

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1 anyone other than the three attorneys that are in  
2 this room?

3 A. No.

4 Q. Have you spoken to either Pavel or  
5 Nikolai Durov relating to your deposition?

6 A. No.

7 Q. You have not contacted then at all  
8 about your deposition?

9 A. No.

10 MR. DRYLEWSKI: Objection. Give me a  
11 moment to put in objections. That is asked and  
12 answered.

13 Q. I don't think it was. I think the  
14 first question was "have you spoken with" and the  
15 second question was "have you communicated with".  
16 In any event, we will move on.

17 Have you read the complaint in this  
18 case?

19 A. I have.

20 Q. Have you read the answer by the  
21 defendants in this case?

22 A. I have.

23 Q. Have you read any documents that  
24 were submitted on behalf of the defendants in  
25 connection with this litigation, to court?

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1 MR. DRYLEWSKI: Objection to form.  
2 Other than the ones he just said?

3 MR. McGRATH: Yes.

4 MR. DRYLEWSKI: You can answer that  
5 question if you understand.

6 A. I have, yes.

7 Q. What documents?

8 A. I am not a lawyer but I have read  
9 the responses that Telegram, with our lawyers  
10 support provided to the court, if that is the  
11 question you are asking.

12 Q. Did you read the Securities and  
13 Exchange Commission's motion for a temporary  
14 restraining order and preliminary injunction in  
15 this case?

16 A. I did, yes.

17 Q. Have you read any of the submissions  
18 that the law firm Skadden Arps made to the  
19 Securities and Exchange Commission prior to the  
20 institution of the complaint in this case?

21 A. Is that --

22 MR. DRYLEWSKI: You can answer that  
23 question with a "yes" or "no", if you know.

24 A. Yes, I have read that. I am  
25 assuming the content is privileged but the --



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1 MR. McGRATH: I am not asking you what  
2 if anything you spoke with your attorneys about.

3 Have you spoken with anyone else  
4 associated with Telegram in preparation for your  
5 deposition here today, other than the attorneys in  
6 this room?

7 A. The only conversation would have  
8 been with my colleague, Ilya Perekopsky, and  
9 solely in conjunction with logistics, because he  
10 does not live in the UK, so in terms of scheduling  
11 his dates versus mine.

12 Q. Where does Mr. Perekopsky currently  
13 live?

14 A. I am not 100 per cent sure. He  
15 mostly lives in Spain, but he moves around a fair  
16 amount with his family.

17 Q. If I understand your testimony  
18 correctly, you didn't speak with Mr. Perekopsky  
19 about any substantive matters that related to what  
20 you anticipated would be asked or discussed in the  
21 deposition?

22 A. No.

23 MR. DRYLEWSKI: Make sure that you allow  
24 Kevin to finish his question before you answer,  
25 for purposes of the record.

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1 A. Understood.

2 Q. Who is your -- strike that.

3 Where is your office currently located,  
4 if you have one?

5 A. As in Telegram or Telegraph's  
6 offices?

7 Q. Yes.

8 A. So there is nothing in the UK. I  
9 work from home, and Telegram itself, I believe  
10 most of the staff are located in Dubai.

11 Q. How did you come to be hired by  
12 Telegram as a consultant?

13 A. I was brought in to this by a  
14 colleague named John Hyman. He used to be my boss  
15 at Morgan Stanley for a number of years and he had  
16 been working, together with Ilya,  
17 consulting/advising Telegram during the course of  
18 end of 2017. He contacted me in January of 2018  
19 and explained what they were looking at and asked  
20 if I might be interested in learning more and  
21 possibly getting involved.

22 Q. And what in summary did Mr. Hyman  
23 tell you your anticipated role would be, if you  
24 were working for Telegram?

25 A. He explained that they were looking

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1 at a possible fund-raising in connection with a  
2 new Blockchain network, which was supposed to be  
3 technically more sophisticated than Bitcoin and so  
4 forth, and the new cryptocurrency associated with  
5 that, and that the role would be in assisting, as  
6 we had done together in capital markets  
7 transactions, assisting with managing that  
8 fund-raising exercise.

9 Q. Did you say you entered into a  
10 consulting agreement in January 2017?

11 A. That is correct.

12 Q. Did you meet with anyone other than  
13 Mr. Hyman before you entered into that consultancy  
14 agreement?

15 MR. DRYLEWSKI: Objection to form. You  
16 can answer.

17 A. Yes. After first speaking with  
18 John, I then had a follow-up meeting face to face  
19 with John and Ilya, where Ilya also gave his  
20 perspective on what they were trying to  
21 accomplish.

22 Q. Did you have any communication with  
23 either Pavel or Nikolai Durov prior to entering  
24 into your consultancy agreement with Telegram?

25 A. No, I don't think so.

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1 Q. What were the terms of your  
2 consultancy agreement, just in terms of  
3 compensation?

4 MR. DRYLEWSKI: Objection to form. You  
5 can answer.

6 A. Yes, I would have to go back and  
7 look at the details, but vaguely there was a fixed  
8 sign on bonus, a monthly salary, and then a final  
9 bonus again, which was predetermined.

10 Q. Were there any incentives built into  
11 the consultancy agreement?

12 A. No.

13 Q. During the time that you worked for  
14 Telegram as a consultant, were you always working  
15 out of your home?

16 A. Yes.

17 Q. Who did you report to?

18 A. Initially to John, and after John  
19 departed from Telegram, to Ilya, which is who I  
20 report to currently.

21 Q. Where was Mr. Hyman located when you  
22 first started working for Telegram?

23 A. He is also UK, UK based.

24 Q. Did he operate out of an office or  
25 home, do you know?

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1 A. Home mostly.

2 Q. Where was Mr. Perekopsky located  
3 when you first started working for Telegram?

4 A. I am not 100 per cent sure. As I  
5 said before, I believe principally he was based  
6 out of Spain.

7 Q. Did you have anybody that reported  
8 to you during the time that you worked for  
9 Telegram?

10 A. No.

11 Q. On a daily basis, how frequently did  
12 you interact with Mr. Hyman and Mr. Perekopsky  
13 during the time that they were both working there?

14 MR. DRYLEWSKI: Objection to form. You  
15 are saying any period of time?

16 MR. McGRATH: Yes.

17 A. During the fund raisings in the  
18 first half of 2018, it would have been quite a  
19 frequent interaction. Since then it has been more  
20 sporadic, depending on what has been required.

21 Q. Do you currently have any  
22 entitlement to receipt of Grams?

23 A. I do not.

24 Q. Have you been promised any Grams?

25 A. I have not.

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1 Q. Prior to your employment at  
2 Telegram, did you have any experience working with  
3 companies that were involved in the creation of  
4 Blockchains?

5 A. No.

6 Q. Did you have any personal experience  
7 in coding for Blockchains?

8 A. No.

9 Q. Or the creation of digital assets?

10 A. No.

11 Q. So when you first started working at  
12 Telegram, what were you specifically asked to do?

13 MR. DRYLEWSKI: Objection to form. You  
14 can answer.

15 A. At that point there had been a  
16 number of indications of interest already provided  
17 by investors in this initial fund-raising. So my  
18 first task was really to gather those together and  
19 compile a list of prospective investees and then  
20 coordinate with those investees on the process, as  
21 it would go, proceed from there.

22 Q. Did you interact with both United  
23 States based and foreign based potential  
24 investors?

25 A. I did.

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1 Q. And what if any criteria were you  
2 given or did you -- let me start again.

3 What if any criteria were you given in  
4 terms of analyzing which potential purchasers of  
5 the Grams you should interact with?

6 MR. DRYLEWSKI: Objection to form.

7 A. So, as I said, the investors at that  
8 point had largely already been identified, and  
9 their expressions, as evidenced by the letter of  
10 intent, or the perceived signed letter of intent  
11 from investors, in the full amount of the proposed  
12 subscription, in fact well in excess. So my  
13 role -- there was not a criteria given to me, in  
14 terms of interacting or identifying further  
15 investors. I am not sure if that was your  
16 question.

17 Q. What was your understanding as to  
18 how Telegram was going to raise money during the  
19 time that you started at Telegram forward, so  
20 starting in 2018?

21 A. Yes.

22 Q. You were asked to interact with some  
23 potential investors that were purchasers. We call  
24 them the initial purchasers in the Gram. So I am  
25 going to use that phrase.

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1           A.   Okay.

2           Q.   What was your understanding as to  
3   how much money Telegram wanted to raise?

4           A.   I am trying to recall.   So the only  
5   figure I recall being exposed to was the 850  
6   million that was eventually raised.   So I don't  
7   know if there was any other discussions prior to  
8   that, and I was obviously informed that there was  
9   the anticipation, as we communicated to the  
10   initial purchasers as well, that there would be a  
11   further round or rounds.

12          Q.   Had you been told or made aware by  
13   anyone or through reading of documents that prior  
14   to 2017 Telegram was envisioning a two-part  
15   offering, with an initial private sale intended to  
16   raise approximately \$600 million, followed by a  
17   public sale of approximately \$600 million?

18          MR. DRYLEWSKI:   Before you answer, just  
19   a general instruction to the witness.   For any  
20   questions that ask about whether you were told  
21   anything, exclude from your answer any  
22   communications you had with lawyers, to the extent  
23   that there were any.

24          MR. McGRATH:   Fair enough.

25          A.   So I was not told of -- I was aware



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1 in general terms of two things, that that concept  
2 had been discussed of a private offering followed  
3 by a public offering, but I was also informed, by  
4 the time I had come on board, that that concept  
5 had been dropped and that there would be no public  
6 offering. There would only be one or a series of  
7 private offerings.

8 Q. Did you have any understanding as to  
9 why that initial plan had changed?

10 MR. DRYLEWSKI: I want to make clear,  
11 for the record, to the extent there were any  
12 conversations you had with counsel, exclude from  
13 your answer the substance of any of those  
14 communications.

15 A. In general terms, the understanding  
16 I was given was that given the regulatory  
17 uncertainty around cryptocurrencies, and how they  
18 might be treated as a regulatory matter, that it  
19 was decided to take a very safe wider than wide  
20 approach and stick to private institutional only  
21 offerings. That decision had been taken some time  
22 prior to my coming on board.

23 Q. Who communicated that information to  
24 you?

25 A. John Hyman told me that.

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1 offering documents to the initial purchasers in  
2 the first round?

3 A. Yes, I am.

4 Q. Is it your understanding that the  
5 lock-up provision essentially stated that the  
6 initial purchasers in the first round offering  
7 would receive their Grams in three, six, 12 and 18  
8 month increments, and that they could not sell  
9 their Grams until after those receipt periods had  
10 occurred?

11 A. Yes, the substance of what you said  
12 is correct. Just to correct the technical,  
13 technically they received their Grams at the time  
14 of launch, but those Grams are not released, so  
15 they are not usable until the lock-up comes free  
16 on the three, six, 12 and 18 months. It is a  
17 purely technical point.

18 Q. So I understand your answer, when  
19 you say they received their Grams, they legally  
20 had ownership of the Grams --

21 A. Correct.

22 Q. -- at the time of launch, but they  
23 could not -- they were not freed up to agree that  
24 they could actually sell them until the lock-up  
25 provision, the lock-up period had passed. Is that

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1 correct?

2 MR. DRYLEWSKI: Objection to form.

3 MR. McGRATH: I didn't necessarily word  
4 that the best way, but did you understand my  
5 question?

6 A. Sell or otherwise use, yes.

7 Q. Fair enough. Do you have any  
8 understanding as to who at Telegram had decided to  
9 include a lock-up provision in the agreements for  
10 the initial purchasers in the first round?

11 MR. DRYLEWSKI: Same instruction I have  
12 been giving.

13 A. I don't know.

14 Q. Do you have any understanding as to  
15 who was involved in the decision that the lock-up  
16 period would include three, six, 12 and 18 month  
17 increments?

18 MR. DRYLEWSKI: Same instruction.

19 A. Again, at the point that I joined  
20 that had all been decided. I don't know by whom.

21 Q. Did any investor or potential  
22 investor ever ask you questions about why there  
23 was the lock-up provision?

24 A. I believe, yes, I might have had  
25 several conversations about that.

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1 Q. Do you remember with who?

2 A. I do not.

3 Q. Do you remember what answers you  
4 gave, generally?

5 A. The answer that was given in general  
6 was because the initial purchasers paid the lowest  
7 price, or lower price than any subsequent  
8 purchaser if there were further offerings, that  
9 there was a lock-up provision in connection with  
10 that.

11 Q. What if any understanding did you  
12 have as to why that was the case? In other words,  
13 why was it that because the initial purchasers  
14 paid less for their Grams they were subject to a  
15 lock-up provision?

16 MR. DRYLEWSKI: Objection. Same  
17 instruction.

18 A. At the risk of being sort of  
19 simplistic, you know, it is relatively  
20 conventional capital markets logic that if you  
21 have an initial purchaser who comes in in an  
22 earlier round and pays lower price, they tend to  
23 have more restrictive terms, in terms of their  
24 ability to take their shares or whatever might be  
25 the conventional offering.

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1 occurred.

2 MR. DRYLEWSKI: Object to the form of  
3 that question. When you say "grams should be  
4 treated as securities", are you saying at the time  
5 that the purchase agreements were entered into?

6 MR. McGRATH: Yes.

7 MR. DRYLEWSKI: Or at the time when the  
8 Grams are created and actually distributed to the  
9 investors?

10 MR. McGRATH: My question was focused on  
11 at the time the purchase agreements were entered  
12 into.

13 MR. DRYLEWSKI: Okay.

14 MR. McGRATH: I think the witness  
15 understood that to be the question and his answer,  
16 as I understood it, was that there were no such  
17 discussions within Telegram as to whether  
18 purchasers or potential purchasers should be told  
19 that at the time they entered into purchase  
20 agreements the Grams should be treated as  
21 securities. Is that correct?

22 A. That is correct.

23 MR. DRYLEWSKI: Note my objection to the  
24 question.

25 MR. McGRATH: I want to make a note to

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1       come back to something. Excuse me.

2               A. Sure.

3               Q. Are you aware of any efforts by  
4 anyone at Telegram to contact the United States  
5 Securities and Exchange Commission to determine  
6 the legality of the terms of the purchase  
7 agreements that were provided to initial  
8 purchasers in the first round before the  
9 agreements were signed by the initial purchasers?

10              MR. DRYLEWSKI: I am going to instruct  
11 you to exclude from your answer any  
12 information/communications with counsel.

13              A. Can I clarify, Kevin, your question  
14 is efforts by Telegram staff?

15              Q. Let me start with that, yes.

16              A. To contact the Commission?

17              Q. Yes.

18              A. No, I am not aware of any efforts by  
19 Telegram staff.

20              Q. Without getting into any discussions  
21 that you may have had with counsel, are you aware  
22 of any efforts that any counsel to Telegram made  
23 prior to the initial round, which I believe was  
24 finalized on I think the date of the purchase  
25 agreements was on or about February 13, 2017?

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1 Does that sound correct to you?

2 A. The first round purchase agreements?

3 Q. Yes.

4 A. My recollection is more like  
5 February 6.

6 Q. Just to avoid any confusion, let me  
7 just say are you aware of any efforts by counsel  
8 on behalf of Telegram to contact the Securities  
9 and Exchange Commission, prior to February 2017,  
10 to determine the legality of the initial round  
11 offering, putting aside specific conversations you  
12 may have had with the attorneys?

13 MR. DRYLEWSKI: Objection to form. You  
14 can answer that with a "yes", a "no" or "I don't  
15 know".

16 A. I am not aware.

17 Q. Are you aware of any efforts by  
18 anyone at Telegram, other than attorneys, that is  
19 my first question, to contact the Securities and  
20 Exchange Commission to determine the legality of  
21 the terms of the second round investment that took  
22 place in March 2017?

23 MR. DRYLEWSKI: Same objection, same  
24 instructions.

25 A. So your question was by Telegram

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1 Q. Were you given any instructions on  
2 any different manner in which you should  
3 communicate with the US versus the foreign  
4 investors, in terms of either substantive  
5 communications or the manner of communication, the  
6 technical manner of communication?

7 A. I can only answer based on the  
8 discussions I had with the Telegram team, and the  
9 answer is no. I tried to apply the same standard  
10 of communications. All of them were sophisticated  
11 purchasers, but I tried to treat them as such,  
12 regardless of where they were based.

13 Q. Were you given any training after  
14 you joined Telegram, regarding how you should  
15 communicate with investors?

16 A. No.

17 Q. Aside from any communications you  
18 had with counsel, were you given any training at  
19 any point during the time at Telegram regarding  
20 the United States securities laws?

21 A. Again, apart from discussions with  
22 counsel, no.

23 Q. Without getting into any specific  
24 conversations you had with counsel, did you  
25 communicate with counsel regarding the United



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1 was?

2 A. No.

3 Q. Again, with respect to the second  
4 round, do you have an understanding that the  
5 purchasers were entitled to receive Grams at a  
6 price of approximately \$1.33 per Gram?

7 A. That is correct.

8 Q. Do you have any understanding as to  
9 how that price was derived?

10 A. Once again, it is purely a  
11 mathematical output of the same formula.

12 Q. Do you have any understanding as to  
13 who created that formula?

14 MR. DRYLEWSKI: Objection to form.  
15 Objection to the extent you are suggesting it is a  
16 different formula.

17 Q. To clarify, your understanding is it  
18 is the same formula?

19 A. It is.

20 Q. Again, do you have any understanding  
21 as to why that same formula resulted in a price of  
22 approximately \$1.33 per Gram during the second  
23 round, versus 37 cents in the first round?

24 A. Yes. You can apply the formula, as  
25 I did, and work out those numbers. It is not that

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1 complicated.

2 Q. Do you have an understanding of the  
3 term "reference price"?

4 A. Yes.

5 Q. As used in the offerings?

6 A. Yes.

7 Q. What is your understanding of what  
8 that term means?

9 A. It is the price as outputted by the  
10 formula.

11 Q. For what?

12 A. Again, I would have to look at the  
13 specific reference in the context you are using it  
14 for the purchase agreement, but it is the same  
15 reference price, as I understood it, in my  
16 parlance, would be the reference price that comes  
17 out of the formula, which then is used for the  
18 offering price for the offering.

19 Q. Do you have an understanding as to  
20 what price Grams will be set at, at the time of  
21 launch of the TON Blockchain?

22 MR. DRYLEWSKI: Objection to form.

23 A. Can I answer?

24 MR. DRYLEWSKI: To the extent you can.

25 A. To my mind, the question is not

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1 investors I spoke to at least that supply and  
2 demand would set the actual market price  
3 independent of whatever reference price is  
4 involved.

5 Q. That was not my question. I was not  
6 asking you what your understanding of what the  
7 investors thought, at least not yet. My  
8 understanding is -- do you have any recollection  
9 that there was an indication in offering documents  
10 that the price of Grams would be set at \$3.62  
11 approximately, at the time of launch of the TON  
12 Blockchain?

13 MR. DRYLEWSKI: Same objection. If you  
14 want to point him to a document to help him on  
15 this, we are more than happy.

16 MR. McGRATH: It is fine.

17 A. I think we would have to look at the  
18 document. As I say, I don't personally recognize  
19 the way in which that question is being phrased.

20 Q. We can come back to that. During  
21 the initial -- what we call the first round of the  
22 initial offering, was there more demand for  
23 investors to subscribe to that offering than the  
24 \$850 million that was allocated to the offering?

25 A. Yes. The volume or value,

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1 cumulative value of signed letters of intent  
2 received was well in excess of 850 million.

3 Q. Do you remember approximately what  
4 that number was?

5 A. As a rough guess, I would say in the  
6 order of three to four times that amount.

7 Q. Who at Telegram was involved in the  
8 decision making as to which investors would be  
9 allowed to invest in the first round?

10 A. Again, as I was brought in quite  
11 late and inherited, if you will, most of these  
12 expressions of interest, I don't know. I can only  
13 assume it was Pavel, John and Ilya.

14 Q. Did you ever have any discussions  
15 with Pavel Durov, John Hyman or Ilya Perekopsky as  
16 to what factors they looked at, if any, in  
17 determining which of the potential investors would  
18 actually be allowed to invest in the first round?

19 MR. DRYLEWSKI: Objection to form.

20 A. So at least in the calls or  
21 discussions that I would have been party to, I  
22 would characterize it as the sort of standard  
23 capital market syndicate type discussions, around  
24 is such and such an investor a credible investor?  
25 [REDACTED] is a well known name, for

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1 example, so they are a credible investor, for the  
2 sake of argument. Or has this investor expressed  
3 interest early and been supportive for some period  
4 of time? It is standard things that in a capital  
5 markets transaction one would expect to discuss.

6 Q. When you use the term "a credible  
7 investor", what do you mean by that?

8 A. A fund that has been operating for a  
9 long period of time and has a track record, has a  
10 reputation, those sorts of criteria. Nothing  
11 unconventional for offerings of private placements  
12 of this nature.

13 Q. Were you involved in any of the  
14 decision making that took -- strike that. Let me  
15 rephrase.

16 The second round, was that also  
17 over-subscribed or at least, just to rephrase,  
18 were the expressions of interest in investing in  
19 the second round greater than the \$850 million  
20 that was sought to be raised?

21 A. Initially, yes, but the follow  
22 through after the initial expression of interest  
23 was more limited. So we had people indicating  
24 that they were interested, but we didn't have the  
25 same volume of expressions of interest signed as

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1 we did in the first round.

2 Q. Who if anybody at Telegram was  
3 involved in the decision making as to which  
4 investors would be accepted during the second  
5 round of the investment?

6 A. Again, it would have been the same  
7 group, Ilya, John Pavel, and obviously myself  
8 would have been involved more actively in those  
9 conversations.

10 Q. What if any factors were considered  
11 in making the decisions which second round  
12 investors would be accepted?

13 A. I would say similar criteria, but  
14 accepting the fact that the demand was more  
15 limited, there was, if you will, by definition,  
16 less of a discussion around some of these points.  
17 It is also worth mentioning that by the time the  
18 second offering got fully underway, Bitcoin, the  
19 market reference, if you will, had significantly  
20 declined.

21 Q. Did you become aware at any point  
22 during the period January 2018 through April 2018  
23 that there was information that people were  
24 selling their rights to receive Grams on a  
25 secondary market?

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1 that entity again, its full name, to the best of  
2 your understanding?

3 A. AID. The rest, from memory, I  
4 believe it is [REDACTED]  
5 [REDACTED] something of that nature.

6 MR. DRYLEWSKI: Kevin, just for the  
7 record, you will find that entity's name in the  
8 referenced communication that is the subject of  
9 this testimony. It had been produced to the SEC  
10 in unredacted form, as to that entity.

11 MR. McGRATH: It may be in this pile of  
12 papers, but we will find that out later. Thank  
13 you.

14 A. Sure.

15 Q. I want to focus on Mr. Hyman for a  
16 minute. At some point did he terminate his  
17 employment or consultancy agreement with Telegram?

18 A. Yes, his engagement with Telegram  
19 finished at some point in the summer.

20 Q. Summer of --

21 A. 2018.

22 Q. Do you have any understanding of the  
23 circumstances that led to that termination of the  
24 relationship?

25 A. I don't. I was not involved, nor

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1 has Mr. Hyman explained to me the circumstances.

2 Q. All right. Aside from Mr. Hyman,  
3 did anyone else at Telegram ever provide you with  
4 any information as to what led to him terminating  
5 his association with Telegram?

6 A. No.

7 Q. Do you know where Mr. Hyman is  
8 currently working?

9 A. He is self-employed, as far as I  
10 know.

11 Q. Do you know what type of  
12 self-employment he is engaged in?

13 A. I believe he has various sort of  
14 business interests and real estate. He also does  
15 some advisory work and so forth.

16 Q. Does he do any advisory work for any  
17 entities that are involved in any way with the  
18 creation or operation of the TON Blockchain  
19 ecosystem?

20 MR. DRYLEWSKI: Objection to form. You  
21 can answer if you can.

22 A. The only one that I am aware of is  
23 his work with TON Labs and Gram Vault.

24 Q. Let's start with TON Labs. What is  
25 TON Labs, based on your understanding?



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1       they have an interest in either US or foreign  
2       based entities that are among the initial  
3       purchasers?

4               A. That is how it has been explained to  
5       me by John and by [REDACTED] himself.

6               Q. But you just don't know which  
7       particular entities --

8               A. I don't, no.

9               Q. Do you have any understanding as to  
10       whether Mr. Hyman has an interest in any of the US  
11       or foreign based entities that are among the  
12       initial purchasers?

13              A. I don't believe so, not that I am  
14       aware of.

15              Q. I had asked you a series of  
16       questions focusing primarily on Mr. Hyman's  
17       interaction with you in connection with his  
18       association with TON Labs?

19              A. Yes.

20              Q. I am now going to ask you similar  
21       questions regarding Mr. Hyman's interaction with  
22       you in connection with his association with Gram  
23       Vault. What is your understanding as to what Gram  
24       Vault is?

25              A. So Gram Vault is, as best as I can

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1 establish what they are product offering is  
2 effectively a quasi wallet solution. So it is not  
3 a full custody, similar to Coinbase or competitors  
4 to Coinbase, but it offers similar type of  
5 functionality, and then ancillary services on the  
6 back of that, such as staking.

7 Q. And when you refer to staking, what  
8 are you referring to?

9 A. Staking is the process by which  
10 transactions on the TON network get validated.  
11 Staking has to be undertaken by those who already  
12 own Grams. If you analogize it to stock lending,  
13 it is almost like stock lending by a shareholder  
14 as a way of earning some extra income.

15 Q. Generally, what type of  
16 communications have you had with Mr. Hyman  
17 regarding his work on behalf of Gram Vault?

18 A. It would only be the two things we  
19 discussed before. Number one, on a general level,  
20 that he was advising them, and number two, the  
21 introduction that he made with respect to custody  
22 offering because, I am sure as we will discuss, a  
23 number of investors, as we approached the expected  
24 launch, wanted to understand "If we are looking  
25 for a secure way to store our Grams, what options

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1 individuals or entities involved in the staking  
2 have to put up a certain number of Grams in order  
3 to be entitled to participate in the validation  
4 process?

5 A. There is a minimum. It is quite  
6 low, it is 100,000 from memory, Grams, if you want  
7 to be considered to be an active validator.

8 Q. What was the reasoning behind coming  
9 up with that number as a requirement, 100,000  
10 Grams?

11 A. I don't know.

12 Q. Do you know who made that decision?

13 A. I don't know.

14 Q. In terms of the actual validation  
15 process, I understand you may not be an expert on  
16 it, I am not, but it would be fair to say that it  
17 involves some sophistication in terms of how to  
18 validate a Blockchain node?

19 MR. DRYLEWSKI: Object to form.

20 A. I would have thought so, but again I  
21 am not an expert.

22 Q. Do you have any understanding as to  
23 what type of computer resources need to be applied  
24 in order to validate a TON Blockchain?

25 MR. DRYLEWSKI: Object to form.

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1           A. No, but one of the attachments that  
2           you will have seen sets out the minimum hardware  
3           requirements.

4           Q. Did Telegram check with any of the  
5           initial purchasers to see whether they had the  
6           expertise to engage in validation of TON  
7           Blockchain nodes before accepting them as  
8           investors?

9           MR. DRYLEWSKI: Object to form.

10          A. I am not aware. I would also just  
11          add that my involvement was very late, so if those  
12          discussions had taken place, it would have most  
13          likely predated my getting involved.

14          Q. But as you sit here today, you are  
15          not aware of any such efforts by Telegram to  
16          determine whether any of the potential or actual  
17          initial purchasers had the technical expertise at  
18          that time to engage in a TON Blockchain validation  
19          process. Is that correct?

20          A. I am not aware of any discussions on  
21          that.

22          Q. Has Telegram been involved in any  
23          conversations with the initial purchasers -- and  
24          again, just to make sure we both are on the same  
25          page, when I say "initial purchasers" I am

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1 referring to both the first and second round  
2 purchasers. Has Telegram undertaken any efforts  
3 after the first and second round to determine  
4 whether the initial purchasers have the capability  
5 and the technical expertise to engage in  
6 validation of a TON Blockchain node?

7 MR. DRYLEWSKI: A point of  
8 clarification. You said "Telegram". Are you  
9 asking about him personally.

10 MR. McGRATH: No. Anyone at Telegram,  
11 including himself, but anyone else as well.

12 A. I am not aware of any such  
13 discussions. I was not party to any such  
14 discussions, if there were any.

15 Q. Fair to say, based on your testimony  
16 and the documents that have been produced that you  
17 interacted with a number of the initial  
18 purchasers, correct?

19 A. Correct.

20 Q. And in the course of those  
21 interactions have you come to learn, you  
22 personally, come to learn as to whether any of the  
23 initial purchasers have the technical resources  
24 and expertise required to engage in validation of  
25 TON Blockchain nodes?

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1           A. Yes. In the context of the  
2 anticipated launch in October, there was a  
3 specific set of instructions that we circulated to  
4 all investors if they were interested in becoming  
5 validators, and there was a number of investors  
6 who had questions or comments, observations on the  
7 document, by which one can assume that they were  
8 able or seriously interested in looking at it.

9           Q. All right. Let me break that up. I  
10 am going to ask you about whatever specific  
11 communications you had with those investors, but  
12 my question was -- let me break it up.

13           First, let's start, if you can look at  
14 Exhibits 1 and 2, to the extent it refreshes your  
15 recollection. If you don't need to look at them  
16 that is fine too. Do you recall any  
17 communications that you had with individual  
18 purchasers, initial purchasers, regarding their  
19 ability to engage in a TON Blockchain validation  
20 process?

21           A. I really don't remember. As I say,  
22 following the sending out of the instructions,  
23 there were probably a dozen or so investors who  
24 came back saying they were interested in  
25 validation. They had some questions, but I would

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1 struggle to remember which names on this list  
2 specifically that was, without looking at the  
3 email correspondence.

4 Q. When you say approximately a dozen  
5 investors, would they include both US and foreign  
6 based investors?

7 A. I am doing this from memory. I  
8 think yes, but I would say predominantly the  
9 questions came from non-US investors.

10 Q. You had indicated in one of your  
11 prior answers that they asked you questions about  
12 the validation process, and that you stated you  
13 could assume from that that they were interested  
14 in engaging in it. Is that correct?

15 A. That is an inference.

16 Q. Is it is inference that you are  
17 making. My question is do you have any knowledge,  
18 as you sit here today, whether any of those  
19 approximately 12 investors actually had the  
20 capability and the resources, both hardware and in  
21 terms of technical expertise, to effectively  
22 participate in or successfully participate in  
23 validation of a TON Blockchain?

24 MR. DRYLEWSKI: Object to form.

25 A. I don't have the ability to verify

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1       that.

2                   Q.   Okay.  To your knowledge, has anyone  
3       else at Telegram made efforts to determine which  
4       if any of the initial purchasers have the  
5       technical expertise and resources to successfully  
6       engage in TON Blockchain validation?

7                   MR. DRYLEWSKI:  Same objection.

8                   A.   I don't know if such efforts were  
9       made or not.

10                  Q.   To your knowledge, do you know  
11       whether Telegram, and that would include you or  
12       anyone else at Telegram that you are aware of,  
13       asked any potential or actual initial purchasers  
14       what they intended to do with the Grams after they  
15       received them, prior to accepting purchase  
16       agreements from them?

17                  MR. DRYLEWSKI:  Object to form.

18                  A.   I certainly cannot recall ever  
19       asking that question of anyone.

20                  Q.   To your knowledge, did anyone else  
21       at Telegram ask that question of any of the  
22       potential or actual initial purchasers before  
23       entering into or accepting purchase agreements  
24       from them?

25                  A.   Not that I was ever made aware of.



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1 Q. Are you aware of whether anyone at  
2 Telegram, yourself or anyone else, asked any of  
3 the potential or actual initial purchasers how  
4 long they planned to hold the Grams before  
5 accepting purchase agreements from them?

6 MR. DRYLEWSKI: Object to form.

7 A. I would give the same two answers.  
8 I never asked the question and I was never made  
9 aware of anyone else asking that question.

10 Q. Did anyone at Telegram ask, prior to  
11 accepting purchase agreements from the initial  
12 purchasers, when they planned to sell their Grams,  
13 if at all?

14 MR. DRYLEWSKI: Object to form.

15 A. Could you ask the question again?

16 (Read back)

17 A. Same answer as the previous two  
18 questions.

19 Q. Did anyone at Telegram, prior to  
20 accepting purchase agreements from the initial  
21 purchasers, ask them whether they were buying  
22 Grams for consumptive use?

23 MR. DRYLEWSKI: Object to form.

24 A. Same two answers.

25 Q. Do you understand what I meant when

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1 I use the term "consumptive use"?

2 A. Yes.

3 Q. What was your understanding of what  
4 that term means?

5 A. To use it as a commodity for  
6 bartering or for purchasing goods or services, and  
7 so forth.

8 Q. And your answer is the same, that  
9 you did not engage in any such questions and to  
10 your knowledge no one at Telegram did?

11 A. That is correct.

12 Q. Did anyone at Telegram, prior to  
13 accepting purchase agreements from the initial  
14 purchasers, ask them whether they were buying  
15 Grams with the intent to resell them and make a  
16 profit?

17 MR. DRYLEWSKI: Object to form.

18 A. Again, I never asked the question.  
19 I was never made aware of whether or not someone  
20 else asked the question of any purchasers.

21 Q. I am going to show you a document.  
22 The first page of it is entitled "Annex B Purchase  
23 Agreement". It starts with Bates number TG-00114  
24 and goes to Bates number ending in 52. It is  
25 numbered 39 pages.

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1       you are aware of?

2                   A. No. But it is important to  
3       emphasize, and I would say there were probably  
4       other instances that didn't get as far along in  
5       the second round of a similar fact pattern, namely  
6       it was a legal purchaser but we learned through  
7       conversation and KYC documentation and so forth  
8       that there may have been other beneficiaries to  
9       which the rights would have been transferred, and  
10      we made it clear that that was not workable.  
11      Sorry, come back to your follow-up question.

12                  Q. Yes, I appreciate you making that  
13      clarification, and obviously feel free to do that.

14                  The second question that I put to you  
15      was is there -- I will rephrase it.

16                  Is there anything in the representations  
17      that the initial purchasers were required to make  
18      in paragraph 6, either the first or second round  
19      investors, that prevented them from immediately  
20      selling the Grams on the date they were issued to  
21      them?

22                  A. Only the lock-up provisions in  
23      respect of the presale investors.

24                  Q. Right, and I tried to phrase the  
25      question so that it would take that into account

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1 by using the phrase "issued to them", and by that  
2 I meant issued to them after whatever lock-up  
3 period expired. So there was nothing that  
4 prevented them from selling those Grams the minute  
5 after they received them, following the expiration  
6 of a lock-up period, correct?

7 A. Correct, with my previous technical  
8 qualification that all Grams are issued  
9 immediately. They are just programmatically  
10 locked up.

11 Q. As to the representation that the  
12 initial purchasers were not purchasing the Grams  
13 with a view towards or for resale in connection  
14 with the sale or distribution thereof, didn't  
15 Telegram expect initial purchasers to sell their  
16 Grams at some point in the future?

17 MR. DRYLEWSKI: Object to form. You can  
18 answer if you can answer a question about what  
19 Telegram expected.

20 A. I cannot answer what Telegram  
21 expected. I can comment on what I heard from  
22 investors, which is a different question.

23 Q. Right, and that is not my question.  
24 Fair enough, if you cannot comment on what  
25 Telegram expected. Let me just ask you, what was

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1 your understanding -- strike that.

2 Are you testifying that you never had  
3 any discussions with anyone else at Telegram as to  
4 what investors were likely to do with their Grams  
5 following issuance of them to them after the  
6 launch of the TON Blockchain?

7 A. That is correct. I don't recall any  
8 discussions of that specific topic.

9 Q. Are you aware of any analysis that  
10 anyone at Telegram performed or that Telegram  
11 asked anyone outside of Telegram to perform as to  
12 what initial purchasers were likely to do with the  
13 Grams after issuance of them?

14 A. Not that I am aware of.

15 Q. Based on your understanding of the  
16 manner in which the TON Blockchain ecosystem would  
17 work, wasn't it important that Grams be widely  
18 distributed to people, in order for that ecosystem  
19 to operate in a successful manner?

20 MR. DRYLEWSKI: Object to form. You are  
21 asking his opinion of that question?

22 MR. McGRATH: Yes, as somebody who  
23 worked for Telegram and was communicating with  
24 investors, what his understanding was, as to the  
25 importance of Grams being widely distributed in

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1 asked you prior to that?

2 A. The only educated layman's comment I  
3 would make is that the number of questions I got  
4 asked about exchange opportunities or  
5 possibilities was significantly dwarfed by the  
6 number of questions I got asked about custody  
7 solutions, and you would have thought, intuitively  
8 or logically, that no one would be asking about  
9 custody solutions unless they intended to hold  
10 their Grams for some period of time, if that makes  
11 sense.

12 Q. I understand what you are saying,  
13 but just to follow-up on that, the fact that  
14 somebody is enquiring about custody possibilities  
15 for their Grams, number one, it doesn't mean for a  
16 fact that they are going to enter into a custodial  
17 arrangement with some third-party with their  
18 Grams, correct?

19 A. Just to be clear, I am only --

20 MR. DRYLEWSKI: Objection to form of the  
21 question. You had asked him whether there were  
22 things that led him to believe --

23 Q. I understand. I am not quarreling  
24 with him. I am just following up.

25 A. That is all. I was answering

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1 nothing more, nothing less.

2 Q. Secondly, it would be fair to say  
3 that the fact that somebody is enquiring about  
4 custodial arrangements, even if they enter into a  
5 custodial arrangement doesn't preclude them from  
6 selling some or all of their Grams the day after  
7 they enter into that arrangement, correct?

8 A. Of course not.

9 Q. If any of the investors or when any  
10 of the investors asked you about what arrangements  
11 were being made that would permit them to sell  
12 their Grams after issuance, what answers did you  
13 give them?

14 A. Three things. First, it should be  
15 emphasized that whilst I tended to take the lead  
16 on the custody related queries, my colleague Ilya  
17 Perekopsky took the lead on most of the exchange  
18 related interactions, and as such I cannot shed  
19 too much light on that.

20 Second, I did give a generic answer that  
21 we have had contacts or approaches from various  
22 exchanges expressing interest to be able to list  
23 Grams, and we will speak with them in due course.  
24 Again, as I said, Ilya tended to spearhead most of  
25 those conversations with the exchanges.

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1           A. I have only heard about  
2           communications in the latter context.

3           Q. So you are not aware of any  
4           financial interest either of the Durov brothers  
5           have in TON Labs?

6           A. No.

7           Q. Has Telegram agreed to provide any  
8           allotment of Grams to TON Labs, other than via any  
9           purchase agreements that have been entered into  
10          with individual entity investors?

11          A. Not that I am aware of.

12          Q. You understand my question, I think  
13          you indicated some people associated with TON Labs  
14          have to various entities entered into purchase  
15          agreements entitling them to receive Grams at some  
16          point. My question is, is there any agreement or  
17          understanding with TON Labs, independent of those  
18          investment agreements, that TON Labs will receive  
19          Grams in the future?

20          A. Not that I am aware of?

21          Q. Are you familiar with an entity  
22          called TON Ventures.

23          A. Yes, I am.

24          Q. What is your understanding of what  
25          TON Ventures is?



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1           A. I could be mistaken but I think  
2           ██████████, when I met him, explained that it was a  
3           subsidiary of TON Labs.

4           Q. Do you know what if any activities  
5           TON Ventures is performing in connection with the  
6           TON Blockchain ecosystem?

7           A. So this I am doing again based on  
8           brief explanation, but as I understood it TON Labs  
9           was actually developing applications, whereas TON  
10          Ventures was then investing in others who would  
11          develop applications. For example, Gram Vault, if  
12          I am not mistaken, my memory serves me correctly,  
13          the holding in Gram Vault is actually via TON  
14          Ventures and not TON Labs, to give a specific  
15          concrete example of how those two entities, their  
16          roles.

17          Q. Do you have any understanding as to  
18          who owns TON Ventures?

19          A. I thought they were the same. It is  
20          either TON Labs itself or the same or similar  
21          shareholders as that of TON Labs, but I am not  
22          sure. This is all -- I was given a very high  
23          level description.

24          Q. Fair enough. Have you had any  
25          communications with anyone acting on behalf of TON

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1 and TON, did you have any understanding as to what  
2 the breakout would be between the two entities or  
3 the two applications?

4 A. No, I didn't.

5 Q. Last bullet point: "The remaining  
6 50 percent will be spent on business ops, wages,  
7 et cetera, and ongoing legal costs due to SEC  
8 litigation." Did you convey that information to  
9 [REDACTED], in substance?

10 A. I did. He slightly misrepresented  
11 it. I remember when he repeated it back to me he  
12 actually got it wrong. I actually said then the  
13 next big bucket is wages and operational costs and  
14 then, after that, the legal costs are a distant  
15 third. That is actually the way I put it to him  
16 but he slightly simplified it.

17 Q. When you are referring to business  
18 ops, wages, et cetera, did that reference apply to  
19 both the individuals that were working on the TON  
20 Blockchain and individuals that were working on  
21 Telegram messaging?

22 MR. DRYLEWSKI: Objection to form.

23 A. Yes, it did.

24 Q. Do you remember anything else that  
25 you communicated with [REDACTED] during this

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1 telephone conversation -- anything at a material  
2 level, that is not referenced in his bullet  
3 points?

4 MR. DRYLEWSKI: Objection to form.

5 A. No.

6 (Exhibit 10 marked for identification)

7 Q. I am showing you what has been  
8 marked as Exhibit 10, a two page document,  
9 TLGRM-5-5209 to 5210. It contains an email from  
10 [REDACTED] on August 29, 2019, from [REDACTED]  
11 [REDACTED] to you, indicating in part 1 to  
12 introduce you to [REDACTED] on the leadership  
13 team at [REDACTED]

14 "Dominant payment processor for BTC and  
15 other virtual currencies. He is interested in  
16 discussing the possibility of accepting Grams on  
17 their platform. I believe he has an upcoming trip  
18 to London so the timing might be good. [REDACTED] will  
19 let you take from here. Cheers to both of you."

20 Then there is an email from [REDACTED] to  
21 [REDACTED], copying you, on August 29, 2019,  
22 saying:

23 "Good to meet you. Not sure if you know  
24 but Bitpay is the largest payment processor of  
25 Bitcoin in the world."